

PART II -- MAIN EDITION -- 2 NOVEMBER 1982

U.S. NEWS &amp; WORLD REPORT 8 NOVEMBER 1982 (2) PAGES 28-30

*Interview With the Secretary of State*

# Russia, Mideast, China— Shultz Weighs the Options

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**Soviet-U.S. relations after Brezhnev?  
A breakthrough in Arab-Israeli peace talks?  
Strategic ties with Peking? George Shultz  
answers these and other key questions  
in an exclusive and wide-ranging interview.**

**Q** Mr. Secretary, President Reagan said recently that the Soviets have not gained a single additional inch of foreign territory since he took office. Does this mean that the Soviet threat is not as dangerous as the administration had assumed?

**A** The threat is still great, but the President has put forward a strong and confident American voice. He has worked hard to develop American strength and to develop the strength of our alliances.

All of this has not gone unnoticed around the world. The Soviets must know that they have a very realistic, tough-minded President on their hands at the moment.

**Q** Are you saying that this has deterred the Soviets from military adventures that they may have contemplated?

**A** You would have to ask them. The fact of the matter is that, before President Reagan took office, they seemed to be moving in here, there and elsewhere all the time. Since his arrival, the picture has been different.

**Q** Where do the Soviets pose the greatest threat now?

**A** The most important overall problem that we have to contend with is the tremendous military buildup that they've sustained over the last 10 years. In relative terms, we've not conducted anything like that.

The balance of armaments has shifted somewhat, and it is that military capability—plus their demonstrated willingness to use it without compunction if they see an opportunity—that has to constitute the main threat. You can point to particular areas where they have exercised that power directly, such as in Afghanistan. There are other places that are well known. But the overall problem is the massive military buildup, and we are now responding to that.

**Q** The President and others have spoken of the Soviet Union's being in a historical decline—teetering on the edge of social, political and economic collapse. Will internal weakness inhibit Soviet behavior, or is it likely to provoke more foreign adventures in years to come?

**A** Of course, to the extent that your economy and society aren't functioning well, it limits your options. The Soviets have chosen to build up their military capability dramatically, and, of course, that's been at the expense of improvement in the lives of their people. The less well their economy works, the more that kind of allocation of resources will cause difficulties for them.

It is by now very apparent that the Communist type of command economy simply doesn't work very well. Look at countries that have taken on that kind of system and look at their economic performances. Compare them with those economies where the people can operate with a little more freedom, where the market system is permitted to function. The comparisons are quite dramatic and quite unpleasant for anyone with a Communist economy.

**Q** Is this influencing global attitudes—perhaps in the Third World—toward a turn from Soviet to Western values?

**A** There is an awareness of what is going on. People and their leaders can see it around them. Take Asia. Where are the bright spots? Japan, of course. But look at the comparison of North Korea and South Korea. Look at economic development in Taiwan, Hong Kong, Singapore. Those are success stories. Market economies have done better.

What the agony of Poland shows as vividly as anything one could imagine is the total and absolute bankruptcy of the way in which Communist leaders go about things. The Polish people are wonderful people, and their courage is something you have to admire. Imagine taking people like that and, through government intervention, creating such chaos! Any system of government that achieves that must have something drastically and fatally wrong with it.

**Q** Just what is the administration's objective in pressing for tougher restrictions on credit and trade with the Soviet Union?

**A** There are two basic points: First, given the Soviet military buildup and the challenge it poses to us, can anyone think of any reason why we should indulge in trade that helps them in their military capacity? The answer is: No, we shouldn't deliver technological benefits to Moscow.

Second, we are spending lots of money on defense, and so are our allies. Why are we doing that? There's only one reason: Russia's military buildup. Why should we subsidize its economy, on which that very buildup depends?

We want to tailor the trade policies of ourselves and of our allies to avoid either of these two activities.

**Q** Aside from the possible effect on the Soviet military buildup, are these policies also aimed at compelling internal political change in Russia or influencing its international behavior?

**A** What the outcome of these policies will be and how far they go remain to be seen.

The Soviets' military buildup seems to continue very strong. They appear determined to keep going in that regard. Will we be successful in negotiating genuine arms reductions with them, as President Reagan has proposed? That's an open question, but the greater this sense of economic constraint, the more likely it is that the Soviets might be tempted to reduce this buildup of armaments. We can stop subsidizing them and stop giving them high technology that is difficult to develop and most helpful to their military buildup. I'm not going to predict that this is going to bring down their system. That is not the point of the exercise.

**Q** The President recently proposed replacing sanctions against the Soviet-European natural-gas pipeline with a different set of restrictions on trade and credits to the Soviet Union. Does that imply that he has accepted the argument that the pipeline sanctions hurt the West more than they do the Russians?

**A** No. What he is saying is that the U.S. wants the most effective possible program. A program that commands wide support from our allies—which the pipeline sanctions lacked—will be far more effective than one that we have to carry on by ourselves. If we find agreement on a significant set of propositions, we prefer that. It's only sensible. This

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**Shultz on World Trouble Spots**

**Soviet threat.** "Before President Reagan took office, they seemed to be moving in here, there and elsewhere all the time. Since his arrival, the picture has been different." The biggest peril: A continuing "tremendous military buildup."

**Sanctions against Russia.** Reagan will agree to lift his controversial ban on pipeline equipment only if the U.S. and its allies agree on "something better" to pressure Moscow.

**Message to Brezhnev's successor:** "If you change your behavior, Mr. Soviet Union, you can get a good response from us. But in the meantime you have an adversary that is strong and determined."

**Middle East.** The region is "ripe for peace." The next step: Get King Hussein of Jordan to negotiate with Israel over the occupied West Bank and Gaza Strip areas.

**Ties with the Chinese.** "We want to have our relationship with them develop on economic and strategic fronts."

**A new Reagan?** Recent easing of tensions between the U.S. and other nations does not mean the President has softened his approach to foreign policy. Reagan is still "a tough guy" with "a definite point of view."

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kind of agreement would be much more effective. The President will only shift if he's shifting to something better.

**Q** How do you answer the criticism that the President's eagerness to sell U.S. grain to the Soviets undermines the credibility of this whole policy of economic sanctions?

**A** We've given the answer many times, but I'll give it again. With grain, the U.S. is selling something for hard currency, and that forces the Soviets to spend their scarce foreign exchange. So that's a benefit for us and a drag on Russia economically. Grain is not a military good, whereas high technology contributes to the Soviets' military and strategic capabilities. So selling grain is not a drag on the West militarily.

Concerning the gas pipeline specifically: The problems that we have with that are that it is subsidized at very cheap credit rates, saving Russia a great deal of money. When all is said and done, the West will have given the Soviet Union a device that will produce an even greater flow of foreign exchange. In addition, it will lead to European dependency on Soviet gas in certain areas.

**Q** Some argue that by selling them grain the U.S. relieves the Soviets of having to invest more in their own agriculture—

**A** The fact that they have to spend their money for the grain means that they have to make an allocation decision for foreign exchange, which is very scarce for them. We also have to face the fact that we are not the only country that produces grain. It's a competitive market.

**Q** Given Leonid Brezhnev's impending exit from the scene, will changes in the Soviet leadership bring

significant shifts in how Moscow operates abroad?

**A** It is very difficult for us to speculate intelligently about what changes may come about in the Soviet leadership after the Brezhnev era. We know a fair amount about the individuals, but nothing can be said with certainty.

What we can know is our own policies and the

kinds of responses we're willing to make to their behavior. This is what we want to say to whatever leadership emerges: "Insofar as the United States is concerned, here is what you confront and here are your choices." That's the way we can make an impact on their thinking.

**Q** What sort of options, specifically, are we leaving open for Brezhnev's successor or successors in Moscow?

**A** It's very clear that the United States is a strong country. We are determined to build and maintain our strength—and that strength is military, that strength is economic, that strength is moral and political. So we have that strength, and our allies are strong. And under those circumstances, with our willpower, we will be able to take care of our interests and look after them well. We can compete in the area of power. If that's the kind of world they want, we can do just fine.

We can say, also, that that kind of world is not necessarily inevitable. There are outstanding proposals for arms reductions. There are all sorts of ways in which a different relationship can develop, depending on their behavior toward military might, toward aggression, toward human values.

"If you change your behavior, Mr. Soviet Union, you can get a good response from us. But in the meantime you have an adversary that is strong and is determined and can take care of itself." That's what we're saying.

**Q** Turning to the Middle East: Only a few months ago, Arab nations were shunning any sort of collaboration with Washington. Now even radical states such as Syria and Algeria have just sent their foreign ministers to Washington to discuss prospects for a Middle East peace. How do you explain this shift?

**A** There are many influences. The President's "fresh start" Mideast peace proposals are among them. It is important to emphasize that the President's proposals all fall squarely within the framework of Camp David. The more you look at and study the Camp David Accords, the more respect you have for them and their ingenuity.

The President's initiative—with its guarantee of the security of Israel and its clear recognition of absolute necessity of the legitimate rights of the Palestinian people—has been read with great interest in the Arab world. It seems to me also that by this time people can see that a military option to peace in the Middle East doesn't look very promising, either to Arabs or Israelis. The area is ripe for peace, wants peace, needs peace and knows that continual warfare is—literally and figuratively—a dead end.

**Q** But now that the key Arab and Israeli representatives have been here to meet with the President and you, what do you see as the next step in the process?

**A** The next step in the process is for King Hussein of Jordan, with support from the Arab world and participation of some form of Palestinian representation, to express a willingness to sit down and negotiate with Israel on the future of the occupied West Bank and Gaza Strip areas. This is something that has to take place. If he does so, it will be very difficult for any government of Israel to say no. And I'm quite certain that it wouldn't say that.

In the meantime, of course, the problems of Lebanon are still to be dealt with. It was interesting to me to see how attentive Lebanon's President Amin Gemayel was to the peace process and how central he sees it to the future of Lebanon. If any people has suffered from the lack of any resolution to the Palestinian problem, it's the Lebanese.

**Q** From what you know of the recent meetings between King Hussein and Palestine Liberation Organization leader Yassir Arafat, do you expect Jordan to be given the mandate to negotiate peace on behalf of the Palestinians, as the U.S. desires?

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**A** Well, we're clearly not there just yet. We have lots of reports, and the reports we have are suggestive in many ways. Rather than speculating about what somebody else is saying, we should wait for them to say what the outcome of their discussions might be.

**Q** Will Hussein be coming to Washington soon?

**A** The King is very welcome here, and he certainly knows that. I'm sure that he wants to come and talk directly with the President. And the question is: What is the right time?

**Q** Doesn't the Reagan peace plan face an insurmountable obstacle in Israel's flat rejection not only of the idea of a Palestinian state but of any surrender of sovereignty in the West Bank?

**A** It is a difference of opinion about what is the right answer to what is generally called the "final status" issues. They are just that: Issues about the final status of the region. It's seldom the case that people enter negotiations with everybody agreed on everything. There are differences of view, and they are important ones.

We believe that the important thing is to get into the direct discussions and start talking about the positions that people take and why they take them and what their objectives are and then start looking for the kind of compromises that can bring about a peaceful resolution.

The process that is envisaged is one that first establishes a transition or interim arrangement. And that interim arrangement itself should be very beneficial to the people who live on the West Bank and Gaza.

**Q** Will expanding the multinational peacekeeping force in Lebanon and extending its stay, as President Gemayel requested, mean that the U.S. military force in Lebanon will remain beyond the end of the year and perhaps even be strengthened?

**A** The end of the year has been set in people's minds as a time when we'd like to see the foreign forces out. That's a comment made not only by us but by Israel. I don't think anyone has said the multinational force itself has to be out by that time. We're not committed to a longer stay, but we're certainly willing to look at it to see whether or not it's something that we think we could do.

**Q** Mr. Secretary, are you concerned about recent meetings between the Soviets and Chinese and the possibility of rapprochement between their countries?

**A** Our decision to have a strong relationship with the Chinese stands on its own feet as something desirable to do. It is desirable regardless of their relationship with the Russians, whatever that might be. Of course, we're interested in Sino-Soviet relations. If, for example, as a result of those negotiations there is an improvement in the situation in Cambodia or Afghanistan, we're for that. China and Russia have been at odds in those two places for some time.

**Q** But do you see danger that Russia and China could draw so closely together again that it would jeopardize our interests?

**A** We could sit here and play "20 Questions" and conjure up all sorts of things. I won't play that game.

The question is: What is going on now? They are having discussions about many things. For example, we know that the Chinese are very concerned, as we are, about Russian activities, directly and indirectly, in Cambodia and Afghanistan. If, through their discussions, Vietnamese and Russian influence is removed from Cambodia, we're for that. If the Russians leave Afghanistan, we're for that.

**Q** How far, in your view, should we go to strengthen ties with China? Should we go to the extent of seeking some form of strategic cooperation or wider economic cooperation?

**A** We want to build up a strong relationship with China. And if you take the perspective of the last 10 years, we are gradually doing that. It's an important country, and the Chinese people are a marvelous people. So we want to have our relationship with them develop on economic fronts and strategic fronts.

**Q** In the past couple of months we've seen a general lower-

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8 NOVEMBER 1982 (2) PAGES 33-35

# Behind Latest Surge In Soviet Spying

**A spate of recent espionage sensations is only the tip of the iceberg. Involved is an intensified Moscow drive to steal vital Western technology as well as defense secrets on a worldwide scale.**

**Item:** An allegation surfaces of a Soviet "mole" penetrating British intelligence and pinpointing nuclear weapons of Britain and the United States.

**Item:** A KGB spy master defects to the West with dossiers on Soviet secret agents in Europe and the Near East.

**Item:** A Polish banker operating as an undercover agent seeks asylum in the U.S. and provides the CIA and FBI with new details of Soviet-bloc intelligence operations.

Three spy thrillers in a matter of days have stripped bare Soviet-bloc espionage of a scale and gravity that is shaking counterintelligence services around the world.

The disclosures in late October showed Soviet agents are tapping the free world's closest-held military and industrial secrets—often with alarming ease.

One report—of lax security at a top-secret British communications intelligence center—threatens to weaken U.S. cooperation with Britain in intelligence operations.

In this scandal, translator Geoffrey Prime is accused of giving Moscow secrets that damaged the West as badly as the notorious English traitor Kim Philby did in the 1950s.

Offsetting Prime's alleged betrayal somewhat are the defections of Polish banker Andrej Treumann and the KGB's top man in Iran, Vladimir Kuzichkin, who reportedly have exposed subversion plans of the Kremlin.

Sweden's recent effort to force a presumed Soviet-bloc

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ing of tension in U.S. relations with a wide spectrum of nations—China, European allies, the Arab world. To what do you attribute this—the difference in personal style between yourself and former Secretary of State Alexander Haig, or something else?

**A** Well, all the things you mentioned, as well as others, are the result of the President's policies. I have been working with him, but whatever happens is basically ascribable to the President. Those are all good moves, and they reflect what the President has been doing.

I've worked with the President. He's the same person that I've worked with over many years; I don't see any difference. It's the same Ronald Reagan that was governor of California and that I knew during the campaign and before the campaign. He's a tough guy, and he's very decisive. He has a definite point of view, and he works for it in a constructive way.

**Q** In the four months you have been Secretary of State, how have you managed to prevent a spurge of stories about friction between you and the White House and you and the Pentagon?

**A** It's just a tribute to the underlying penchant of the press for accuracy.

**Q** Do you mean there is no friction to report?

**A** Appearances are not deceiving. □